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C O N F I D E N T I A L SECTION 01 OF 03 THE HAGUE 002175

SIPDIS

E.O. 12958: DECL: 08/04/2015

TAGS: [PREL](#) [PGOV](#) [PINR](#) [ECON](#) [NL](#) [EUN](#)

SUBJECT: NETHERLANDS/EU: FINANCIAL PERSPECTIVES AND TURKEY
KEY ISSUES FOR BRITISH EU PRESIDENCY

REF: A. VIENNA 2626

[1](#)B. PARIS 5350

[1](#)C. PARIS 5307

Classified By: DCM CHAT BLAKEMAN FOR REASONS 1.4(B) AND (D).

[1](#)1. (C) SUMMARY: According to a senior Dutch MFA official, the Dutch hope to see the debate on EU finances concluded during the British EU presidency, but will hold out for a system that lowers the Netherlands' high per capita contribution. On Turkey, the Dutch continue to support starting accession talks on October 3 despite the Turkish declaration of non-recognition of Cyprus and subsequent European reactions. Croatia could be a complicating factor in the Turkish debate if key Christian Democrat leaders elsewhere in Europe decide they cannot stomach "big, Muslim" Turkey getting a date before "little, Christian" Croatia. In coming months, the Dutch government will make an effort to sell the benefits of the EU to the Dutch public in order to overcome the negative fallout from the referendum on the Constitutional Treaty, even though many members of the current cabinet are themselves Euro-skeptics. END SUMMARY.

[1](#)2. (C) DCM, accompanied by POLCOUNS, paid an introductory call on Pieter de Gooijer, the new Deputy Director General for Political Affairs at the Dutch MFA, on August 3. (Note: De Gooijer began his new assignment on August 1; prior to that, he was the Director of the MFA's Department of European Integration, where he was one of the key players in coordinating the Dutch EU Presidency.) Over the course of a wide-ranging discussion, de Gooijer offered his personal perspectives on the major issues facing the EU in the next several months, including: the financial perspectives debate; Turkish accession; Croatia; and the fallout from the French and Dutch "no" to the Constitutional Treaty. De Gooijer also offered candid, off-the-record observations regarding different approaches to the EU within the Dutch government.

FINANCIAL PERSPECTIVES:

[1](#)3. (C) Asked which questions should be high on the agenda for the British EU presidency, de Gooijer quickly identified reaching agreement on an EU budget ("financial perspectives"). The EU's failure to agree on a budget during the Luxembourg presidency, he added, was bad for the EU's image and also posed practical problems. Although the EU does have a mechanism, similar to a continuing resolution, to permit expenditures at current levels if no agreement is reached by January 2007, this mechanism does not allow money to be spent in some critical sectors, such as infrastructure development. Thus, countries receiving funds in these areas -- which includes many of the newer members -- would suffer. De Gooijer joked that some in the Dutch government wouldn't mind not having to pay into EU coffers for a year, since the Dutch are already the top per capita donor and get little in return. He stressed, however, that the damage to the EU's prestige and ability to function if it remains unable to adopt a budget would be considerable.

[1](#)4. (C) De Gooijer would not predict whether the British would be able to forge an agreement on this issue during their presidency, or even if the British would make it a top priority. He noted, however, that since it normally takes about 100 days implement a budget agreement after it has been adopted, time was running out. With regard to the Dutch position in the negotiations, de Gooijer reiterated the Dutch believe all countries contributing above a certain amount should be eligible for a "rebate" comparable to that enjoyed by the British. Unlike some countries, he continued, the Dutch have no problem with the British rebate per se, but feel strongly that other net contributors, like the Dutch, should have a similar arrangement.

TURKISH ACCESSION TALKS:

[1](#)5. (C) Turning to Turkey, de Gooijer emphasized that the Dutch still support beginning accession talks October 3 and do not agree with French FM Villepin's recent comments calling this date into question. At the same time, de Gooijer believed the Turks had opened a "Pandora's Box" by issuing their declaration on non-recognition of Cyprus in

connection with signing the Customs Protocol. Noting that he had just met with the Turkish Ambassador to the Netherlands (Note: He was actually leaving de Gooijer's office as DCM and POLCOUNS arrived.), de Gooijer said that he had delivered a firm message to the Turks that they were responsible for the consequences of their own actions. It was completely unrealistic, he added, for Ankara to have expected such a declaration to go out without provoking a response from Cyprus, and now others, including France and Austria, who were compelled to react because of their domestic political situations. It would have been relatively easy, he continued, for the Turks to have issued a short, anodyne statement "reserving their rights" or noting that the signature was "without prejudice" to other Turkish positions, which would have made it more difficult for Cyprus to react negatively.

16. (C) The Turkish Ambassador, according to de Gooijer, had tried to argue -- apparently on instructions -- that the EU must "stick to the letter" of its agreement last December. De Gooijer responded bluntly that such an approach badly misjudged the nature of dealing with the EU. He recalled that the Turks had tried similar tactics during the negotiations last December and had almost lost everything as a result. A far more effective strategy, he continued, would be for the Turks to "go the extra mile" as often as possible in order to put the Cypriots on the defensive. While other EU members were prepared to "sit on" Cyprus if necessary, he added, they couldn't do it without some help from Ankara. De Gooijer also dismissed the Turkish Ambassador's argument that signing the protocol and issuing the declaration was "neither a step forward nor backward" by noting that, in that case, "it's nothing."

17. (C) De Gooijer predicted that, thanks to the Turkish declaration and the French reaction, the issue of Turkish recognition of Cyprus could no longer be "left off" the agenda for the informal GAERC ("Gymnich") meeting in early September, and would also be discussed at the COREPER meeting in late August. Although the recent developments had complicated the situation, de Gooijer felt it should still be feasible to reach agreement on the EU's negotiating framework by October 2 and to open talks on October 3. Getting there, however, would be more considerably more "difficult" than before.

CROATIA: -----

18. (C) In response to a question from DCM, de Gooijer said that the Dutch remained firm on holding Croatia to the standard of "full cooperation" with the ICTY before beginning accession talks. It was up to Chief Prosecutor Carla del Ponte, he added, to determine whether "full cooperation" required the presence of Gotovina in The Hague or not. De Gooijer expected the EU to maintain its consensus in support of the ICTY, but observed that several Christian Democrat EU leaders, including Juncker and Schuessel, were uncomfortable with the idea of starting talks with "big, Muslim" Turkey before "little, Christian" Croatia. Dutch Prime Minister Balkenende, he added, was personally sympathetic to this view but was being guided by Foreign Minister Bot, who took a much tougher line on maintaining the credibility of the ICTY. While it was not fair for Turkey's accession talks to be linked to Croatia's in this way, this was a political reality -- and all the more reason for Turkey not to give any European leaders any excuses to delay, he added.

POST-REFERENDUM REALITIES: -----

19. (C) De Gooijer observed that Luxembourg's "yes" vote to the EU's Constitutional Treaty, following the resounding French and Dutch "no's," could be taken as a sign that the Treaty "was not yet buried." Over the next several months, he added, the EU needed to figure out how to deal with the Treaty -- should it be scrapped entirely, or revived? Within the Netherlands, de Gooijer added, the first step was to rebuild confidence in Europe and European institutions, as the referendum demonstrated a clear divide between the political elite and general public. One of his last jobs as Director for European Integration, he said, was to draft the first version of the annual Dutch "State of the European Union" report for submission to Parliament along with the national budget. This year's report, he continued, would focus more than previous versions on "the vision thing" and include clear arguments for why a strong, united Europe is good for the Netherlands.

110. (C) As a committed Europhile, de Gooijer said he had been struck by the high level of Euroskepticism in the Netherlands revealed by the Dutch referendum. Even the Dutch cabinet, while maintaining a united front in public, was split. According to de Gooijer, Foreign Minister Bot and Economic Affairs Minister Brinkhorst were the strongest supporters of the Treaty (and, by implication, the EU), while Finance

Minister Zalm, Defense Minister Kamp, Interior Minister Remkes, Health Minister Hoogevorst (all VVD), plus Education Minister van der Hoeven and Agriculture Minister Weerman (CDA) were more nationalistic and "provincial" in their outlook. Prime Minister Balkenende, as a former Economics Professor, appreciated the benefits of the Eurozone but initially had little enthusiasm for the EU in general; his positive experience during the EU presidency, however, had eventually convinced him of the value and importance of the EU, de Gooijer concluded.

COMMENT/BIO NOTE:

11. (C) During the Dutch EU Presidency, de Gooijer was one of the key decision makers within the MFA on EU issues. He played a critical role in bringing the Turkish accession talks to a successful conclusion in December, working directly with the Foreign Minister Bot and Prime Minister Balkenende. Although he is still coming to grips with the much broader portfolio of his new position, we anticipate that he will continue to be a well-connected and reliable source regarding current Dutch thinking on a wide variety of issues.
BLAKEMAN